

The Church of Jesus Christ of Latter-
Day Saints (Welfare)

FINANCIAL STATEMENTS

for the year ended

31 December 1996



**The Church of Jesus Christ of Latter-Day Saints (Welfare)
DIRECTORS AND OFFICERS**

DIRECTORS

A K Broadway
R J Mawle
B P Jensen
B D Jacox
K F Keeler

SECRETARY

A K Broadway

COMPANY NUMBER

1332670 (England and Wales)

REGISTERED CHARITY NUMBER

274605

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

BANKERS

Midland Bank plc
Bank of America

The Church of Jesus Christ of Latter-Day Saints (Welfare)

DIRECTORS' REPORT

The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-Day Saints (Welfare) for the year ended 31 December 1996.

The Church of Jesus Christ of Latter-Day Saints (Welfare) is a registered charity which has been incorporated as a private unlimited company.

PRINCIPAL ACTIVITIES

The principal activities of the company are the provision of welfare services for charitable purposes, the ownership of farm land and buildings leased to farm operating companies, the construction of houses of worship and the distribution of religious, educational and administrative materials. No changes to these activities are planned for the foreseeable future. The company has two subsidiaries that operate farms.

RESULTS

The operating surplus for the year was £766,571 (1995 - £38,662) after receiving a donation of £951,173 (1995 - £1,142,385) from its parent company, The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

The directors do not recommend the payment of a dividend, which leaves a surplus for the year of £778,846 to be transferred to reserves.

Assurances of continued financial support have been received from the Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

DIRECTORS' AND THEIR INTERESTS

The directors who served during the year were:-

A K Broadway	
R J Mawle	
B P Jensen	(appointed 1 October 1996)
K F Keeler	(appointed 1 October 1996)
W G Reeves	(resigned 10 March 1997)

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

FIXED ASSETS

The significant changes in fixed assets during the year are explained in notes 5 and 6 to the financial statements.

The Church of Jesus Christ of Latter-Day Saints (Welfare)
DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

AK Broadway
A K Broadway

Secretary

13 May 1999

The Church of Jesus Christ of Latter-Day Saints (Welfare)
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION
OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (WELFARE)

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly.

BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

14 May 1999

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The Church of Jesus Christ of Latter-Day Saints (Welfare)
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 1996

	<i>Notes</i>	1996	1995
		£	£
TURNOVER	1	15,598,492	7,034,918
Cost of Sales		(15,293,973)	(6,868,900)
GROSS SURPLUS		304,519	166,018
Other operating income (net)	2	2,240,917	1,714,153
Distribution costs		(159,471)	(126,447)
Administrative expenditure		(1,352,887)	(1,411,235)
Charitable expenditure		(266,507)	(303,827)
OPERATING SURPLUS	3	766,571	38,662
Bank interest receivable		12,275	25,268
SURPLUS FOR THE FINANCIAL YEAR	13	778,846	63,930

The surplus for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The Church of Jesus Christ of Latter-Day Saints (Welfare)

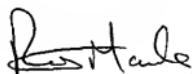
BALANCE SHEET

31 December 1996

	Notes	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	5	20,020,752	19,332,119
Intangible assets	6	114,722	114,722
Investments	7	1,000,000	1,000,000
		_____	_____
		21,135,474	20,446,841
CURRENT ASSETS			
Stocks	8	363,493	302,313
Debtors	9	507,585	198,923
Cash at bank and in hand		740,634	971,375
		_____	_____
		1,611,712	1,472,611
CREDITORS: Amounts falling due within one year	10	(197,372)	(708,083)
		_____	_____
NET CURRENT ASSETS		1,414,340	764,528
		_____	_____
TOTAL ASSETS LESS CURRENT LIABILITIES		22,549,814	21,211,369
CREDITORS: Amounts falling due after more than one year	11	(21,706,938)	(21,147,339)
		_____	_____
		842,876	64,030
		_____	_____
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Accumulated fund	13	842,776	63,930
		_____	_____
SHAREHOLDERS' FUNDS	14	842,876	64,030
		_____	_____

Approved by the board on 13th May 1999

R J Mawle



Director

The Church of Jesus Christ of Latter-Day Saints (Welfare)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and present information about the company as an individual undertaking and not about its group.

The company operates an accruals basis of accounting, except for administrative and distribution expenditure which is accounted for on a cash basis, as the directors do not consider it to be materially different to the accruals basis.

DEPRECIATION

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Farm houses	over 40 years
Farm buildings and amenities	over 20 years
Fixtures and fittings	over 10 years
Plant and machinery	over 10 years
Motor vehicles	over 4 years

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost. Provision is made for any diminution in value.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income and expenditure account.

PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged to the income and expenditure account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

PARENT COMPANY DONATIONS AND CAPITAL CONTRIBUTIONS

Donations by one of the company's parent undertakings to fund certain aspects of the company's excess of expenditure over income, are treated as other operating income in the year to which they relate.

Capital contributions by one of the company's parent undertakings to fund past deficits, by way of the partial cancellation of amounts due to it, are treated as an exceptional item in the Income and Expenditure account in the year in which they arise.

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1996

		1996	1995
		£	£
1 TURNOVER			
Turnover for the year is attributable to the following activities:-			
New construction	14,424,728	6,030,898	
Religious, educational, administrative materials and film rental	1,173,764	1,004,020	
	—	—	
	15,598,492	7,034,918	
	—	—	
Turnover is generated predominantly in the United Kingdom, with some sales to other entities of the Church of Jesus Christ of Latter-Day Saints in countries outside the United Kingdom. The directors do not consider any further analysis to be appropriate.			
2 OTHER OPERATING INCOME (NET)			
Donation from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints	951,173	1,142,385	
Profits covenanted from farming subsidiaries	660,125	193,000	
Rental income - Farms	539,800	263,025	
Rental income - Other	256,666	229,279	
Sundry farm sales	996	—	
Farm operating costs	(167,843)	(113,536)	
	—	—	
	2,240,917	1,714,153	
	—	—	
3 SURPLUS FOR THE FINANCIAL YEAR			
This deficit is stated after charging/(crediting):			
Auditors' remuneration	16,990	12,000	
Depreciation on owned assets	166,712	123,685	
Profit on disposal of tangible fixed assets	(3,250)	(1,790)	
	—	—	

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1996

4	EMPLOYEES	1996 No.	1995 No.
	The average weekly number of persons (including directors) employed by the company during the year was	55	55
		—	—
		1996 £	1995 £
	Staff costs for the above persons:		
	Wages and salaries	648,447	646,828
	Social security costs	51,993	50,287
	Other pension costs	57,856	51,506
		—	—
		758,296	748,621
		—	—

DIRECTORS' REMUNERATION

None of the directors who served during the year ended 31 December 1996 received remuneration from this company.

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1996

5 TANGIBLE FIXED ASSETS

	<i>Land and Buildings</i> £	<i>Fixtures and fittings</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Farms</i> £	<i>Total</i> £
Cost						
1 January 1996	1,233,795	65,954	252,458	168,068	18,151,725	19,872,000
Additions	126	12,509	4,399	63,815	774,498	855,347
Disposals	-	-	-	(10,033)	-	(10,033)
	—	—	—	—	—	—
31 December 1996	1,233,921	78,463	256,857	221,850	18,926,223	20,717,314
	—	—	—	—	—	—
Depreciation						
1 January 1996	-	42,772	147,015	95,359	254,735	539,881
Charged in the year	-	5,115	24,657	46,467	90,475	166,714
Disposals	-	-	-	(10,033)	-	(10,033)
	—	—	—	—	—	—
31 December 1996	-	47,887	171,672	131,793	345,210	696,562
	—	—	—	—	—	—
Net book value						
31 December 1996	1,233,921	30,576	85,185	90,057	18,581,013	20,020,752
	—	—	—	—	—	—
31 December 1995	1,233,795	23,182	105,443	72,709	17,896,990	19,332,119
	—	—	—	—	—	—

The Church of Jesus Christ of Latter-Day Saints (Welfare)
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 December 1996

5 TANGIBLE FIXED ASSETS (*continued*)

Included within farms above are:

	<i>Land</i> £	<i>Farm buildings & houses</i> £	<i>Farm amenities</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Transfers at cost					
1 January 1996	15,074,706	2,186,368	855,162	35,489	18,151,725
Additions	774,498	-	-	-	774,498
	—	—	—	—	—
31 December 1996	15,849,204	2,186,368	855,162	35,489	18,926,223
	—	—	—	—	—
Depreciation					
1 January 1996	-	37,988	215,006	1,741	254,735
Charged in the year	-	26,160	60,766	3,549	90,475
	—	—	—	—	—
31 December 1996	-	64,148	275,772	5,290	345,210
	—	—	—	—	—
Net book value					
31 December 1996	15,849,204	2,122,220	579,390	30,199	18,581,013
	—	—	—	—	—
31 December 1995	15,074,706	2,148,380	640,156	33,748	17,896,990
	—	—	—	—	—

6 INTANGIBLE FIXED ASSETS

Milk Quotas
£

Cost and net book value:

1 January 1996 and 31 December 1996	114,722
	—

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1996

7	FIXED ASSET INVESTMENTS	Investment in subsidiary undertakings
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1 January 1996 and 31 December 1996 1,000,000

The company holds more than 10% of the equity of the following undertakings:

	Country of incorporation	Class of holding	Proportion held	Direct/indirect shareholding	Nature of business
AgReserves Limited	England	Ordinary	100%	Direct	Farming
Hallsworth (Farmland Trust) Limited	England	Ordinary	100%	Indirect	Farming

The aggregate capital and reserves of the above companies at 31 December 1996, along with their profit after taxation for the year then ended is show below:

Name	Aggregate capital and reserves £	Profit for the year £
AgReserves Limited	5,704,761	265,195
Hallsworth (Farmland Trust) Limited	2,928,745	19,435

The financial statements present information about the company as an individual undertaking, and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

8	STOCKS	1996 £	1995 £
Finished goods and goods for resale	363,493	302,313	
	—	—	
9	DEBTORS	1996 £	1995 £
Due within one year			
Taxes and social security costs	358,174	116,861	
Other debtors	15,648	82,062	
Amounts owed by group undertakings	133,763	-	
	—	—	
	507,585	198,923	
	—	—	

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1996

10	CREDITORS: Amounts falling due within one year	1996	1995
		£	£
	Taxes and social security costs	26,825	19,856
	Other creditors	64,125	218,352
	Amounts owed to group undertakings	106,422	469,875
		—	—
		197,372	708,083
		—	—
11	CREDITORS: Amounts falling due in more than one year	1996	1995
		£	£
	Loan from holding company	21,706,938	21,147,339
		—	—
12	SHARE CAPITAL	1996	1995
	Authorised, allotted, called up and fully paid	£	£
	100 ordinary shares of £1 each	100	100
		—	—
13	ACCUMULATED FUND	1996	1995
		£	£
	Balance at 1 January 1996	63,930	—
	Net surplus for the financial year	778,846	63,930
		—	—
	Balance at 31 December 1996	842,776	63,930
		—	—
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1996	1995
		£	£
	Surplus for the financial year	778,846	63,930
	Opening shareholders' funds	64,030	100
		—	—
	Closing shareholders' funds	842,876	64,030
		—	—

The Church of Jesus Christ of Latter-Day Saints (Welfare)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996

15 ULTIMATE HOLDING COMPANY

The company is owned jointly by the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints, both companies are incorporated in the state of Utah, United States of America.

Assurances of continued financial support have been received from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints.

16 RELATED PARTY TRANSACTIONS

The company is owned jointly by The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints, both companies incorporated in the state of Utah, United States of America.

Details of the loan account with The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints are included in note 11.

During the year the company received funding from The Corporation of The President of The Church of Jesus Christ of Latter-Day Saints in order to fulfill its charitable activities.

During the year the company contracted with another fellow subsidiary, The Church of Jesus Christ of Latter-Day Saints (Great Britain), to carry out construction of church buildings on the its behalf. The value of this work in the year was £14,425,000.

17 PENSION COMMITMENTS

The Church operates a pension plan based on final pensionable earnings. The assets of the Plan are held in a separate trustee administered fund. Contributions charged to the Income and Expenditure account are calculated so as to spread the cost of pensions over the employees' working lives with the Church. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan prior to 31 December 1996 was as at 31 December 1995. The assumptions having the most significant effect on the valuation results were that investment returns would be 9 % and that pensionable earnings increases would average 7.5% pa. The valuation showed that the market value of the Plan's assets was £6,581,000 and that the actuarial value of those assets represented 110% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings.

The pension charge for the period was £57,856 (1995 - £51,506), which included allowance for the amortisation of experience surpluses. These are being recognised over 12 years, the average remaining service lives of employees.